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Trump's Tariff Threat for Imported Medicines Poses Political Risks

Levies on Americans' daily prescriptions and other medicines could raise costs, spur rationing and lead to shortages of critical drugs.

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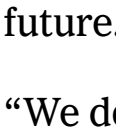

By Rebecca Robbins

April 15, 2025

President Trump's decision to move a step closer to imposing tariffs on imported medicines poses considerable political risk, because Americans could face higher prices and more shortages of critical drugs.

The Trump administration filed a federal notice on Monday saying that it had begun an investigation into whether imports of medicines and pharmaceutical ingredients threaten America's national security, an effort to lay the groundwork for possible tariffs on foreign-made drugs.

Mr. Trump has repeatedly said he planned to impose such levies, to shift overseas production of medicines back to the United States. Experts said that tariffs were unlikely to achieve that goal: Moving manufacturing would be hugely expensive and would take years.

It was not clear how long the investigation would last or when the planned tariffs might go into effect. Mr. Trump started the inquiry under a legal authority known as Section 232 that he has used for other industries like cars and lumber.

Mr. Trump said in remarks to reporters on Monday that pharmaceutical tariffs would come in the "not too distant future."

"We don't make our own drugs anymore," Mr. Trump said. "The drug companies are in Ireland, and they're in lots of other places, China."

While some drugs are made at least in part in the United States, America's reliance on China for medicines has generated alarm for years, with both Republicans and Democrats identifying it as a national security vulnerability.

Many drugs are not produced without at least one stage of the manufacturing process happening in China. Even India's giant generic drug sector is deeply dependent on China, because Indian manufacturers typically obtain their raw materials from Chinese plants.

Imposing disruptive levies on lifesaving medications creates risks for Mr. Trump that were not a major concern with some of his other tariff targets, like steel and aluminum, where Americans generally aren't directly exposed to increased prices.

He could face a harsh backlash if pharmaceutical tariffs lead to significant drug price increases or shortages for patients. The number of drug shortages reached a record-level high last year. Americans fill several billion prescriptions a year, on top of purchasing over-the-counter products like cough syrup and Tylenol.

On Tuesday, Mr. Trump signed an executive order outlining a series of actions intended to lower drug prices, including helping states import drugs from Canada. The idea behind these imports is to bring in cheaper drugs, but tariffs could mean that those imports would not offer the same savings as in the past.

If pharmaceutical tariffs cause an increase in any drug prices, Democrats could jump on the issue for the midterm elections next year and try to undercut Mr. Trump's popularity among working-class voters.

Democrats have already seized on the issue. In a letter sent to Trump officials last week, a group of lawmakers led by Representatives Doris Matsui of California and Brad Schneider of Illinois wrote that "reckless tariffs" on medicines threatened to harm Americans.

"The supply disruptions of critical medical products will unavoidably hurt U.S. patients, force providers to make impossible rationing decisions, and potentially even result in death as treatments are delayed, or more effective medicines and products are swapped for less effective alternatives," they wrote.

Kush Desai, a spokesman for the White House, said in a statement on Monday that "President Trump has long been clear about the importance of reshoring manufacturing that is critical to our country's national and economic security."

Targeting pharmaceuticals also risks further inflaming relations with allies like the European Union and India, whose economies are supported by drug exports to the United States. Officials of those countries fear that drug tariffs could prompt companies to renege on investments, resulting in a loss of jobs, factories and tax revenue.

Along with cars and electronics, pharmaceuticals are one of the categories of goods that the United States imports the most, measured by value.

Tariffs on drugs would add tens of billions of dollars of import costs for a powerful industry that relies on a complex global supply chain. Production of most medications consumed in the United States happens in more than one part of the world, with plants in different countries handling different stages of the process.

Expensive patented medications, like the popular weight-loss drug Wegovy, are more likely to be made in Europe or the United States.

China and India do most of the production of cheaper generic drugs, which account for the vast majority of U.S. prescriptions. For example, plants in those countries make nearly all of the world's supply of the active ingredients in the painkiller ibuprofen and the antibiotic ciprofloxacin, according to Clarivate, an industry data provider.

Pharmaceuticals are the latest sector that Mr. Trump has targeted. Tariffs of 25 percent are already in effect for imported steel, aluminum and cars. The Trump administration has also initiated Section 232 investigations, or inquiries into national security concerns, for copper, lumber and computer chips.

Investigations under the 232 provision must be completed within nine months.

The drug industry has been lobbying the Trump administration to phase in tariffs gradually or to exempt certain types of products, such as medications at risk of shortages or those deemed essential, like antibiotics.

John Murphy III, the head of a trade group that represents manufacturers of generic drugs, said in a statement on Monday that tariffs "will only amplify the problems that already exist in the U.S. market for affordable medicines."

The tariffs would be paid by drug companies importing products or ingredients into the United States. Many of those manufacturers would most likely try to pass at least some of the added costs to employers and government programs like Medicare and Medicaid that cover most of the tab for Americans' prescription drugs. That would ultimately affect patients.

Levies could cause shortages of some cheaper generic drugs, because prices are so close to production costs. Manufacturers with such thin margins may be forced to curtail or end production.

Industry experts said they were not concerned about shortages for brand-name drugs, which generally have high profit margins that could absorb tariffs.

Patients whose insurance requires them to pay a deductible or a percentage of a drug's price could eventually face higher out-of-pocket costs for some drugs. They may also have to pay a higher co-payment if shortages resulting from the tariffs force them to switch to a different, pricier medication. In future years, people could face higher health insurance premiums.

In some cases, contractual agreements and steep financial penalties may discourage manufacturers from sharply raising prices. With patented products, manufacturers typically have such large margins that their sales would still be highly profitable even if they absorbed the cost of tariffs.

David Ricks, the chief executive of Eli Lilly, told the BBC earlier this month that his company expected to eat the cost of tariffs. But Lilly could reduce its research spending or cut staffing as a result, he said.

Mr. Trump has been saying that his tariffs will prompt drugmakers to move their overseas production back to the United States. In recent weeks, several of the industry's richest companies — Eli Lilly, Johnson & Johnson and Novartis — announced plans to spend billions of dollars to build new plants in the United States.

But experts say the tariffs aren't nearly enough to bring most drug production back to the United States. The obstacles are especially steep with crucial generic drugs. Building a new plant takes years. Even shifting production to an existing American plant may be too costly. Labor and other production expenses are much higher in the United States.

Joaquin Duato, chief executive of Johnson & Johnson, said on a call with analysts on Tuesday that "if what you want is to build manufacturing capacity in the U.S., both in med-tech and in pharmaceuticals, the most effective answer is not tariffs, but tax policy."

The Trump administration has been taking aim at Ireland, where nearly all of the largest American drugmakers have a manufacturing presence, in some cases dating back decades. One of Ireland's biggest appeals for the industry is the tax advantages it offers. Some drugmakers shift their profits there to lower their overall tax bills.

Last month, Mr. Trump said that Ireland "took our pharmaceutical companies away." Howard Lutnick, the commerce secretary, said that Ireland was running a "tax scam" that American pharmaceutical companies were exploiting. "That's got to end," Mr. Lutnick said.

Some of the industry's biggest blockbusters, including the cancer drug Keytruda and the anti-wrinkle injection Botox, are partly produced in Ireland. The United States imports more pharmaceutical products, as measured by their value, from Ireland than any other country.

Irish officials fear that tariffs could prompt drugmakers to pull back from investments in the country. But experts said that drugmakers may be reluctant to undergo the costly, disruptive process of uprooting their operations there, especially while uncertainty persists about how long Mr. Trump's tariffs will last.

Pharmaceuticals have historically been spared from tariffs under a World Trade Organization agreement meant to ensure that patients have access to vital medications.

Medications were mostly exempted from the round of global tariffs Mr. Trump announced earlier this month and then partly delayed for 90 days. Drugmakers importing from China into the United States have been subject to tariffs, initially 10 percent and later 20 percent, that Mr. Trump had imposed on Chinese imports earlier this year.

Ana Swanson contributed reporting.

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A version of this article appears in print on , Section B, Page 1 of the New York edition with the headline: Trump Takes Risky Path If Medicines Face Tariffs